

# **BANK BRANCHES: VALUE DRIVERS AND CONCLUSIONS**



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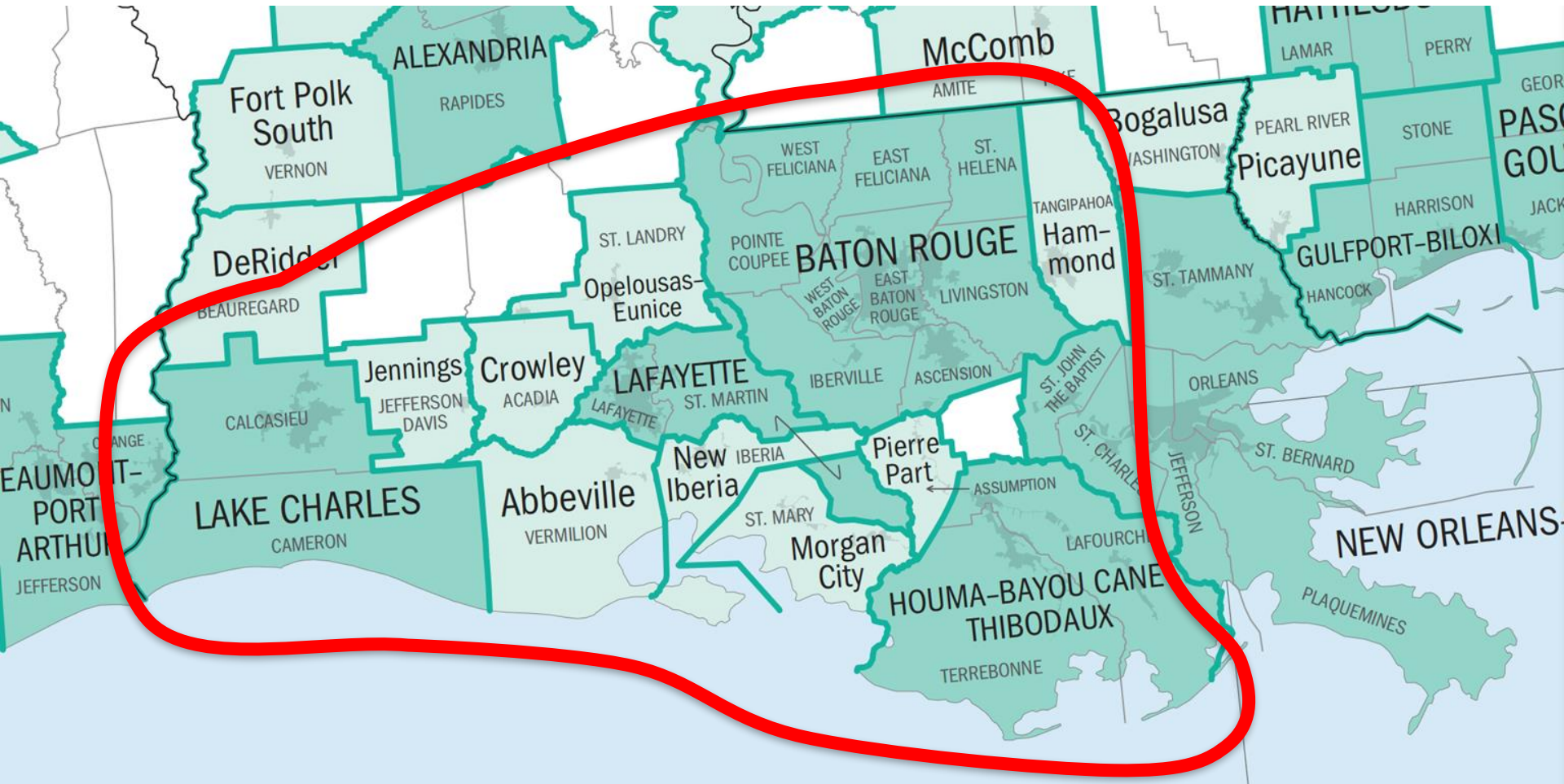
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# • STUDY AREA



- Our study area focused on South Louisiana covering the markets of Baton Rouge, Lafayette, Lake Charles, Houma/Thibodaux and the surrounding areas.



- **CLASSES**



- To help us compare bank branch sales, we developed the following classes and criteria which resulted in our value range conclusions.

<b>Class A</b>
<b>Class B</b>
<b>Class C</b>
<b>Class D</b>

# • CLASSES DEFINED: Class A



Class A	CRITERIA	Meets <i>at least</i> THREE (3) of the following criteria: 1) Located in a high demand corridor 2) Great site visibility and access 3) High daytime population 4) Newer Building
	VALUE RANGE	\$350 to \$700 per SF  *The <b>Key Variable</b> driving value to either end of the range is the scarcity of vacant land to build a new branch. The less vacant land in the corridor available for development, the higher the value will be for the existing bank branch.

- CLASS A

Blue = Purchaser plans to keep as a financial institution.

Green = Purchaser plans to repurpose the building or has no immediate plans.



Street	City	Building SF	Sale Price	SP per SF	Year Sold	Seller	Purchaser
822 S. Range Avenue	Denham Springs	2,593	\$1,825,000	\$704	2012	Whitney Bank	IBERIABANK
28645 Walker South Road	Walker	4,340	\$2,200,000	\$507	2011	Spinner Bait, LLC	Dow Louisiana Federal Credit Union
5063 Essen Lane	Baton Rouge	3,027	\$1,500,000	\$496	2012	Whitney Bank	Teche Federal Bank

- CLASS A** (continued)

- \*NOTE: 12351 Industriplex is an outlier because of its above average building area and a restriction placed on selling to financial institutions

Blue = Purchaser plans to keep as a financial institution.

Green = Purchaser plans to repurpose the building or has no immediate plans.



Street	City	Building SF	Sale Price	SP per SF	Year Sold	Seller	Purchaser
16969 Jefferson Highway	Baton Rouge	2,500	\$945,700	\$378	2008	Regions Bank	Home Bank
7272 Perkins Road	Baton Rouge	4,640	\$1,665,592	\$359	2008	P-4, LLC	Investar Bank
12351 Industriplex Blvd	Baton Rouge	10,190	\$1,125,000	\$110	2012	Chase Bank	Pediatric Clinic

• CLASSES DEFINED: Class B



<b>Class B</b>	CRITERIA	Meets <i>only</i> TWO (2) of the following criteria: 1) Located in a high demand corridor 2) Great site visibility and access 3) High daytime population 4) Newer Building
	VALUE RANGE	\$150 to \$300 per SF

# • CLASS B

Blue = Purchaser plans to keep as a financial institution.

Green = Purchaser plans to repurpose the building or has no immediate plans.



Street	City	Building SF	Sale Price	SP per SF	Year Sold	Seller	Purchaser
1838 Hwy 171	Lake Charles	2,528	\$750,000	\$297	2012	IBERIABANK	First National Bank of DeRidder
2927 S. Sherwood Forest Blvd	Baton Rouge	2,951	\$650,000	\$220	2012	Whitney Bank	MidSouth Bank
6823 W Park Ave	Houma	1,400	\$300,000	\$214	2012	Regions Bank	Ledet, Wayne



- CLASS B (continued)

Blue = Purchaser plans to keep as a financial institution.

Green = Purchaser plans to repurpose the building or has no immediate plans.



Street	City	Building SF	Sale Price	SP per SF	Year Sold	Seller	Purchaser
201 Canal Blvd	Thibodaux	1,103	\$209,000	\$189	2013	Whitney Bank	Unknown
2800 Country Club Rd	Lake Charles	6,926	\$1,200,000	\$173	2013	IBERIABANK	Pediatric Clinic
10425 Airline Hwy	Baton Rouge	2,200	\$365,000	\$166	2013	Neighbors Federal Credit Union	Airline Gold, LLC

• CLASSES DEFINED: Class C



<b>Class C</b>	CRITERIA	Meets <i>only</i> ONE (1) of the following criteria: 1) Located in a high demand corridor 2) Great site visibility and access 3) High daytime population 4) Newer Building
	VALUE RANGE	\$100 to \$150 per SF

# • CLASS C



Blue = Purchaser plans to keep as a financial institution.

Green = Purchaser plans to repurpose the building or has no immediate plans.



Street	City	Building SF	Sale Price	SP per SF	Year Sold	Seller	Purchaser
40456 Hwy. 42	Prairieville	1,778	\$265,000	\$149	2013	Neighbors Federal Credit Union	Coy Chris Casso
2231 Oak Park Blvd	Lake Charles	5,668	\$750,000	\$132	2013	IBERIABANK	Pelican State Credit Union
2132 Oak Park Blvd	Lake Charles	2,520	\$330,000	\$131	2012	IBERIABANK	Lakeside Bank

- CLASS C (continued)

Blue = Purchaser plans to keep as a financial institution.

Green = Purchaser plans to repurpose the building or has no immediate plans.



Street	City	Building SF	Sale Price	SP per SF	Year Sold	Seller	Purchaser
2020 South Burnside Avenue (Highway 44),	Gonzales	1,800	\$230,000	\$128	2012	Cynthia and Louis Stafford	Alfortish Enterprises, LLC
41012 Hwy 42	Prairieville	2,569	\$317,500	\$124	2013	Regions Bank	Coy Chris Casso
3158 Highland Road	Baton Rouge	2,462	\$300,000	\$122	2010	Anta Banta Testamentary Trust	Clark Hebe (Private Investor intending to repurpose the building)

- CLASS C (continued)

Blue = Purchaser plans to keep as a financial institution.

Green = Purchaser plans to repurpose the building or has no immediate plans.



Street	City	Building SF	Sale Price	SP per SF	Year Sold	Seller	Purchaser
11438 River Road	St. Rose	1,951	\$230,000	\$118	2009	Paul Lacinak	Whitney Properties XII, LLC (No relation to Whitney Bank)
6031 Jones Creek Road	Baton Rouge	3,178	\$350,000	\$110	2012	Whitney Bank	MidSouth Bank
1407 Jane St	New Iberia	1,717	\$175,000	\$102	2009	Batter's Box LLC	Teche Bank & Trust Co.

• CLASSES DEFINED: Class D






<b>Class D</b>	CRITERIA	<p>Does <i>not</i> meet <i>any</i> of the following criteria:</p> <ol style="list-style-type: none"> <li>1) Located in a high demand corridor</li> <li>2) Great site visibility and access</li> <li>3) High daytime population</li> <li>4) Newer Building</li> </ol> <p>OR</p> <p>Meets one or more of the above <i>but</i> has a major flaw, such as:</p> <ol style="list-style-type: none"> <li>1) Located in a very stagnant rural market</li> <li>2) Located in a high crime area</li> <li>3) Structurally deficient building</li> <li>4) Etc.</li> </ol>
	VALUE RANGE	<\$100 per SF

# • CLASS D



Blue = Purchaser plans to keep as a financial institution.

Green = Purchaser plans to repurpose the building or has no immediate plans.

Street	City	Building SF	Sale Price	SP per SF	Year Sold	Seller	Purchaser
 500 S Main St	Saint Martinville	1,400	\$110,000	\$79	2007	IBERIABANK	Ronald J. Dressel, Jr.
 511 Main Street	Patterson	2,726	\$170,000	\$62	2010	Whitney Bank	Cajunyank Properties, LLC
 712 Center St	New Iberia	15,990	\$714,488	\$45	2007	JP Morgan Chase Bank	BREOF BNK2 Southwest, LLC (Private investor leasing a portion back to Chase)

# • CONCLUSIONS



1. Financial institutions will pay a premium over non-financial institutions for the best located properties, as evidenced by the **top 7 sales** ranked by highest price per SF were all purchased by financial institutions.
2. A high demand market can be subjective in that it often depends on a financial institution's business plan and target market segment. Some banks and credit unions may pay a premium for a property if it aligns with their strategy and significantly reduces their time-to-market.
3. Non-financial institutions have to take into account **renovation costs** which can be significant depending on the existence, location, and size of the walk-in vault and a variety of other factors.
4. For extraordinarily large bank branches (over 15,000 SF), the bank branch aspect of the property becomes less important in relation to its value. Comparable office building sales are likely more relevant to its value than bank branch sales.



Class A	CRITERIA	<p>Meets <i>at least</i> THREE (3) of the following criteria:</p> <ol style="list-style-type: none"> <li>1) Located in a high demand corridor</li> <li>2) Great site visibility and access</li> <li>3) High daytime population</li> <li>4) Newer Building</li> </ol>
	VALUE RANGE	<p>\$350 to \$700 per SF</p> <p>*The <b>Key Variable</b> driving value to either end of the range is the scarcity of vacant land to build a new branch. The less vacant land in the corridor available for development, the higher the value will be for the existing bank branch.</p>
Class B	CRITERIA	<p>Meets <i>only</i> TWO (2) of the following criteria:</p> <ol style="list-style-type: none"> <li>1) Located in a high demand corridor</li> <li>2) Great site visibility and access</li> <li>3) High daytime population</li> <li>4) Newer Building</li> </ol>
	VALUE RANGE	\$150 to \$300 per SF
Class C	CRITERIA	<p>Meets <i>only</i> ONE (1) of the following criteria:</p> <ol style="list-style-type: none"> <li>1) Located in a high demand corridor</li> <li>2) Great site visibility and access</li> <li>3) High daytime population</li> <li>4) Newer Building</li> </ol>
	VALUE RANGE	\$100 to \$150 per SF
Class D	CRITERIA	<p>Does <i>not</i> meet <i>any</i> of the following criteria:</p> <ol style="list-style-type: none"> <li>1) Located in a high demand corridor</li> <li>2) Great site visibility and access</li> <li>3) High daytime population</li> <li>4) Newer Building</li> </ol> <p>OR Meets one or more of the above <i>but</i> has a major flaw, such as:</p> <ol style="list-style-type: none"> <li>1) Located in a very stagnant rural market</li> <li>2) Located in a high crime area</li> <li>3) Structurally deficient building</li> <li>4) Etc.</li> </ol>
	VALUE RANGE	<\$100 per SF